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SUBJECT: ICELAND: PARLIAMENT'S SHORT YET BUSY YEAR

¶1. (U) Summary: Due to the upcoming May 12 parliamentary election the Icelandic parliament, the Althing, cut its 2006-2007 session short. Nevertheless, the Althing passed 114 bills and 33 resolutions, the most contentious of which was the reestablishment of the Icelandic National Broadcasting Service as a public corporation. Other notable bills include: a reduction in the VAT and commodity charges on food; de facto legalization of prostitution; and a new legal framework for Icelandic participation in international peacekeeping. End Summary.

BACKGROUND

¶2. (U) The 2006-2007 legislative session of the Althing began October 2 and adjourned early this year, on March 18, because of the May 12 parliamentary elections. Members of parliament (MPs) are thus granted approximately two months to launch their re-election campaigns and lobby for the support of their respective political parties. The Althing passed a total of 114 bills and 33 resolutions, and 34 unscheduled debates took place [Comment: MPs can request time to discuss topics they think are relevant at the moment, such as top news stories and possible parliamentary response to them. End Comment.] Despite a packed agenda and heated debates over both small and large issues, which are characteristic of short pre-election legislative sessions, the MPs still managed to show great efficiency in passing laws.

ONE CONTENTIOUS ISSUE...

¶3. (U) As always there were several hotly contested issues in the 2006-2007 session. MPs spent approximately 70 hours debating the merits of a bill to reestablish the state-run Icelandic National Broadcasting Service (RUV) as a public corporation. Proponents of the bill argued that it would grant the institution increased flexibility and a better market position, as well as strengthen its role as a public service broadcaster. The opposition parties initiated a filibuster, but in the end the coalition partners were successful in hammering the bill through.

...BUT OTHERS NOT TO BE FORGOTTEN

¶4. (U) The parliament unanimously passed a bill that reduces the food Value Added Tax (VAT) and commodity tax, that is expected to deliver a 7-10 percent decrease in food prices for the average Icelandic family. In addition, MPs passed a campaign finance reform bill that limits the contributions of individuals and corporations to political parties, but increases direct state funding.

¶5. (U) The Althing passed a bill establishing a more robust legal framework for the Iceland Crisis Response Unit (ICRU) and other Icelandic participation in international peacekeeping projects. The bill clearly delineates the legal rights of peacekeepers, responsibilities, rights, and duties, and enshrines a more civilian role for the ICRU. Observers consider the passing of this bill

important because the GOI's increase in contributions to international peacekeeping operations, both through the ICRU and by funding to UN peacekeeping operations, has gone up drastically in the past few years.

¶6. (U) In November last year the Liberal Party criticized the government for allowing the free passage of labor from EU states in Eastern Europe, and mishandling of integration policies for immigrants. The government reacted quickly and allocated ISK 100 million (1.4 million USD) for Icelandic classes for foreigners and will put a halt on labor coming from new EU member states Romania and Bulgaria until January 1, 2009. On a related note the law on Icelandic citizenship was amended in March, stipulating that applicants for citizenship must pass an Icelandic language test in order to become an Icelandic citizen.

¶7. (U) The Minister of Justice introduced a bill to amend the Chapter on Sexual Offenses in the General Penal Code in March last year, but the Althing did not pass the bill until the final days of the 2006-2007 legislative session. The bill broadened the definition of rape, and essentially legalized prostitution as a main source of income, but banned its public advertising and use of intermediaries (pimps).

EXIT OF POLITICAL HEAVYWEIGHTS

¶8. (U) During the recent parliamentary session one MP passed away and seven MPs resigned from the Althing. The most notable of the seven were David Oddsson (Independence Party) and Halldor Asgrimsson (Progressive Party), who each had served as Prime Minister and Foreign Minister. Consequently, the Independence and Progressive Parties' (the ruling coalition partners) leadership changed as well when Oddsson and Asgrimsson resigned as chairmen of their parties. In addition, three MPs switched parties, without affecting the balance of power.

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¶9. (SBU) Comment: In the run-up to parliamentary elections, the MPs can point to electorate-friendly successes such as the food VAT reduction and acts to step up the integration of immigrants to Iceland. David Oddsson's and Halldor Asgrimsson's departures marked a changing of the guard that signals a generational shift in Icelandic politics. A number of new people emerged in the parties' primary elections this winter and there is speculation that almost half of the current MPs could be replaced. End Comment.

VAN VOORST